

**ORIGINAL ARTICLE**

The Role of Job Satisfaction in the Effect of Compensation on Employee Performance

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ABSTRACT

The purpose of this study is to determine the effect of compensation on job satisfaction, to determine the effect of compensation on lecturer performance through job satisfaction. The population and sample in this study were 52 permanent lecturers at the LP3M Superior Polytechnic. Furthermore, the sampling technique uses saturated samples. Then the data collection technique used a questionnaire with a Likert scale. Data analysis using path analysis. Path analysis is used to see the direct and indirect effects of compensation, job satisfaction and performance variables. The results showed that compensation and work discipline had a positive and significant effect on lecturer job satisfaction. Furthermore, the indirect effect shows that the compensation variable has no effect on lecturer performance through job satisfaction.

Keywords: Compensation, Satisfaction, Performance

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JEL Classification : J53, 015, M52



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INTRODUCTION

Basically, every organization has a vision, mission, goals and objectives to be achieved. To achieve the vision, mission, goals and objectives requires human resources with maximum performance (Setia, 2017). Having human resources is very important in supporting the achievement of organizational goals. No matter how good the equipment is, if human resources are not supported, it will certainly be in vain (Lilis Suriani, 2018). Of course, the dream of having human resources capable of working in achieving company goals is desirable (Chaniago, 2018). With good human resources, the leadership will easily direct all resources and efforts in achieving organizational goals (Adnyani, 2016). Furthermore, human resources must be able to develop and be active in carrying out their duties and functions. The ability to help the company is expected. Given the current competition, it means that every human resource can quickly adapt to existing changes (Rambe, 2018).

The success in achieving company goals cannot be separated from the maximum employee performance (Yakup, 2019). Employees who are able to work well without making many mistakes and carry out their authorities and responsibilities in order to achieve organizational goals (Mathis; Jackson, 2011). For this reason, it is very important for organizational leaders to continue to measure the extent to which their employees are performing in achieving organizational goals.

Basically, employee performance will differ from one another. Every employee is born with diverse abilities. This ability makes every employee work optimally. Furthermore, the motivation that is in employees will also affect their performance (Mangkunegara, 2013). So it is natural why employee performance is often not as expected by the leadership of the organization. Furthermore, the performance of these employees will affect the survival of an organization (Munir, 2019).

Measuring the performance of employees must be done in order to evaluate the extent of success in achieving organizational goals. The results of the work done by employees, the level of knowledge of employees in carrying out their duties and responsibilities, having initiative when facing problems, the ability to understand orders from their superiors, the attitude of helping each other and being disciplined in carrying out their functions and positions (Sutrisno, 2016). All of them are elements used by the organization in measuring the performance of its employees.

One of the factors that affect employee performance is the compensation they receive (Rustilah, 2018). Compensation is expected by employees. Where on the basis of employees have sacrificed energy and thoughts for the progress of the organization. One of the functions of human resource management is the provision of compensation in the form of awards that are both individual and group (Rivai, 2014). It is hoped that the existing compensation will make employees satisfied with the remuneration they sacrificed.

Job satisfaction in an employee participates in influencing his performance (Tanjung, 2019). Job satisfaction of an employee has an important meaning for the organization (Tupti, 2019). Where employees are satisfied he will work with passion. Employees do not need problems with their welfare, health and safety. Be it for himself or for his family. For that it is very important for management to pay attention to the job satisfaction of its employees.

LP3M Superior Polytechnic is one of the private universities in the city of Medan with 52 permanent lecturers consisting of 5 study programs. So far, based on the results of lecturer performance evaluations (education, research and community service), it has not been maximized as expected by management. Evaluation of lecturer education so far indicates that

teaching is not in accordance with SAP and RPP for the courses being taught, wrong in giving test scores, being late in collecting questions and exam scores. So far, lecturers' research evaluation has been minimal for conducting research or national grants. The research was carried out only as a liability in filling out the lecturer's workload report. Generally, this research comes from the undergraduate thesis that is made into an unaccredited national journal. So that there are very few lecturers who are active in publishing reputable national or international journals. Furthermore, the findings that the researchers found were that so far community service was only limited to reporting the workload of lecturers.

Management has also conducted an assessment of performance so far to measure whether lecturers are working in accordance with the established expectations and standard operating procedures. Based on the performance appraisal can be seen in the image below:

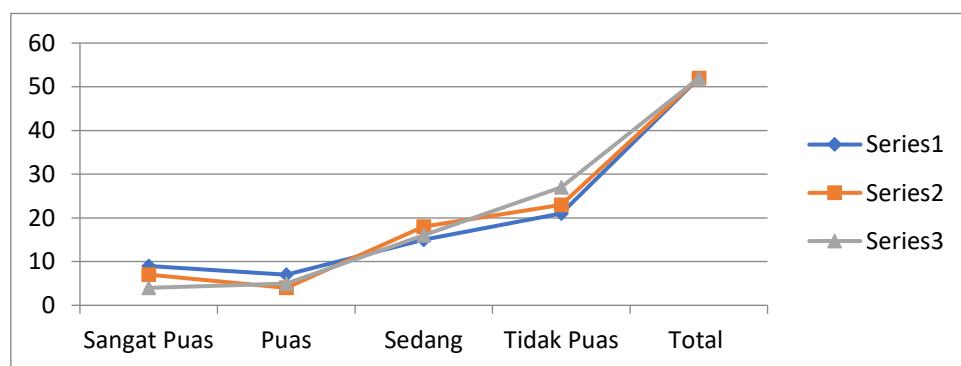


Figure 1. List of 2016-2018 Job Satisfaction Assessments

Based on Table 2 above, it can be seen that the number of lecturers' job dissatisfaction has increased every year, where in 2016 there were 21 lecturers until 2018, increasing to 27 lecturers. If this continues, it is feared that it will affect the performance of the Tridarma of Higher Education. The high number of dissatisfaction is influenced by the compensation factor received by the lecturers. Compensation in the form of salaries and incentives for almost 7 years has not increased. So that lecturers often look for other jobs. This has an impact on the welfare of the lecturers.

Based on the background of the problem above, the researcher felt compelled to conduct research with the title The Role of Job Satisfaction on the Effect of Compensation on Employee Performance at the LP3M Superior Polytechnic. Where the results of this study are expected to be taken into consideration, especially management in taking corrective steps to improve employee performance.

According to (Siagian, 2015) it means that performance is the ability of an employee to carry out orders from a superior according to his job description with a full sense of responsibility. Furthermore (Sedermayanti, 2013) defines the performance of the work that has been done by employees including the quality and quantity of work as well as carrying out their functions and responsibilities within the organization. Then according to (Wibowo, 2014) interpreting performance is the ability, competence and motivation of employees in carrying out the plans set by their superiors.

Furthermore, individual factors and organizational environment are also considered as factors that affect employee performance. The meaning of the individual is the factor that springs from an employee himself. While these environmental factors tend to come from outside the employee (Mangkunegara, 2013). So that to get maximum performance, an

employee must be able to position his abilities with the work environment around him. Furthermore, indicators in measuring the performance of an employee include the quality of the employee's work, the quantity of his work, the implementation of his duties and the responsibility for his work (Mangkunegara, 2013).

According to (T. Hani Handoko, 2012) Job satisfaction can be interpreted as a feeling that is felt by employees about their own attitudes, situations in their work and cooperation between themselves and other employees and their superiors. Meanwhile, according to (Malayu Hasibuan, 2014) interpreting job satisfaction is an effort to sell capabilities and personnel to the organization in the hope of getting remuneration. Another case with (Robbins, Stephen P; A. Judge, 2012) defines that job satisfaction is an expression of a positive sense of work at this time. These positive feelings tend to make employees work for years in an organization. Job satisfaction of an employee who works in an organization can be measured by the content of the job, supervision, organization and management, opportunities for advancement, salaries received, co-workers and the conditions of the work itself (Rivai, 2014).

According to (Malayu Hasibuan, 2014) it explains the meaning of compensation, which is a remuneration received by employees in the form of money, direct or indirect goods for the remuneration they have sacrificed to the organization. Meanwhile, according to (Mangkuprawira, 2014) it defines that compensation is a form of payment received by employees so that they continue to be more productive in carrying out their duties and responsibilities. These payments are either cash, non-cash and are expected to provide benefits for the employees who receive them. Then according to (Ismail Nawai, 2013) explains that compensation is a form of appreciation given to employees for their contribution in helping organizations achieve the goals they aspire to. To measure compensation, the indicators used include wages and salaries, incentives, objectives and facilities (Henry Simamora, 2012).

The results of research conducted by (Tielung, 2015)(Sumardi, 2017)(Tarigan, 2018)(Mustika, 2019) states that compensation has a direct effect on employee job satisfaction. H1: There is compensation for job satisfaction

The results of research conducted by (Sudja, 2018)(Prasetya, 2018)(Sudiarditha, 2019) (Dewi, 2019) states that compensation has an indirect effect on employee performance through job satisfaction. H2: There is an effect of compensation on performance through job satisfaction

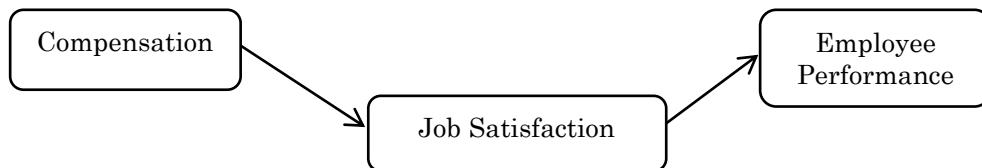


Figure 2. Theoretical Framework

METHODS

The main target who became the population in this study were permanent lecturers at the LP3M Superior Polytechnic, totaling 52 lecturers. While the sampling technique uses saturated samples. So that 52 lecturers are still taken as samples in this study. Path analysis was chosen in this study. Because it is considered the most appropriate in helping from the results of the research. Data collection using a questionnaire with a Likert scale.

RESULTS

Based on the results of data processing in this study, it can be described as follows:

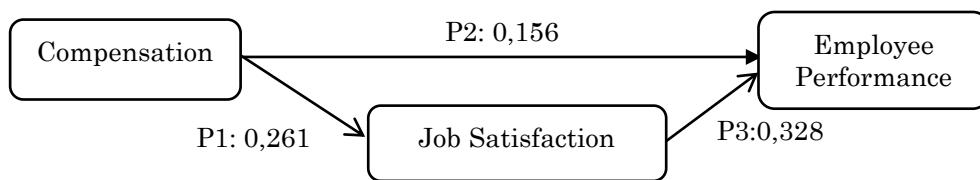


Figure 3. Path Analysis Results

Effect of Compensation on Job Satisfaction

It is known that the significance value for the compensation variable (0.033) is smaller than that of 5% alpha (0.05). Based on the results obtained, H₀ rejects and accepts H_a for the compensation variable. Thus, partially that the compensation variable has a positive and significant effect on job satisfaction at the LP3M Superior Polytechnic.

The Effect of Compensation on Performance Through Job Satisfaction

The direct effect of compensation on lecturer performance is by looking at the regression coefficient value of P2 of 0.155. The indirect effect of compensation on lecturer performance through job satisfaction is seen from the multiplication of the compensation regression coefficient on job satisfaction with the regression coefficient value of job satisfaction on lecturer performance, namely $P1 \times P3 = 0.261 \times 0.328 = 0.086$. So it can be concluded that the value of the indirect effect coefficient is $P1 \times P3 < P3 (0.051) > 0.086$. This means that job satisfaction does not have an indirect effect on employee performance.

Discussion

The results of this study support previous research conducted by (Tielung, 2015)(Sumardi, 2017)(Tarigan, 2018)(Mustika, 2019) which states that compensation has a positive and significant effect on job satisfaction. This shows that compensation can increase job satisfaction. It is necessary to have a system of distribution of the amount of compensation so that there are no errors in payment. The goal is to minimize the complaints of employees who have assumed that those who have been victimized are in accordance with the remuneration they receive.

The results of this study support the results of previous research conducted by (Sudja, 2018)(Prasetya, 2018)(Sudiarditha, 2019) (Dewi, 2019) which states that job satisfaction does not have an indirect effect on employee performance. It can be stated that in providing compensation, it should be given directly to employees in support of their work. Satisfaction problems in this case each employee will be different from one person to another.

Implications

The implications of the findings in this study indicate that so far the basic salary received by lecturers has been satisfied. Where the management and foundations provide the basic salary as promised. Then the management and foundations have a good commitment, especially in

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giving the rights of lecturers. Management and foundations have been providing a fixed base salary. However, lecturers have more opportunities to increase the amount of compensation they will receive through teaching hours, produce textbooks with ISBNs, and produce national or international journals. Where everything will be obtained by lecturers who are active in the tridarma of higher education.

Furthermore, the feeling of job satisfaction in the LP3M Superior Polytechnic employees almost states varied. Some employees stated that giving compensation was considered capable of satisfying employees. However, employees who hold structural positions consider that the remuneration received has not been as expected.

CONCLUSION

Based on the results of the research and discussion above, the conclusions in this study are as follows:

1. Compensation has a positive and significant effect on job satisfaction at the LP3M Superior Polytechnic. This means that when compensation increases it will increase job satisfaction
2. Compensation has no effect on employee performance through job satisfaction. It can be stated that the increased compensation is only able to increase employee job satisfaction and compensation is considered unable to improve employee performance.

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